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ABSTRACT

This booklet was written to help readers understand how the Retirement Equity Act of 1984 makes it easier for both women and men to collect retirement benefits under private pension plans. Since women have had special problems in the pension area, it emphasizes how the retirement law works to their advantage by preventing loss of coverage during leaves of absence, providing the chance to build up credits toward a pension at an earlier age, and actually increasing benefits through marital provisions. Because the provisions of the legislation are best understood within the context of the Employee Retirement Income Security Act of 1974 (ERISA), provisions of ERISA are briefly reviewed. Provisions of the Retirement Equity Act of 1984 are listed and elaborated on, with special emphasis on their impact on women. Discussed are: (1) ways that the Act benefits workers in general and women in particular; (2) benefits for spouses and former spouses; (3) special rules for some vested former employees; (4) lump sum payments; (5) effective dates of the Act; (6) information about pension plans; (7) a study of women and pensions; (8) pensions as only a part of retirement income; (9) planning for retirement; and (10) facts on women and pensions. A glossary of terms and a list of names and addresses for regional offices of the Women's Bureau are included. (NB)

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Retirement Equity Act of 1984: Its Impact on Women

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and

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for Pension and Welfare Benefits

1986

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Foreword

The Retirement Equity Act of 1984 removes many difficulties that people—particularly women—have faced in earning their own pensions and in receiving retirement income following divorce or the death of their spouse.

This booklet is designed to help you understand how the law makes it easier for both women and men to collect retirement benefits under private pension plans. Because women have had special problems in the pension area, we have emphasized how the retirement law works to their advantage—by preventing the loss of coverage during leaves of absence, providing the chance to build up credits toward a pension at an earlier age, and actually increasing benefits through marital provisions.

The booklet should be a useful tool in planning for a comfortable retirement. The first step in planning is to understand what is in your, or your spouse's, pension plan. Check this out in your pension plan booklet (or summary plan description) which your plan administrator is required by law to give you within 90 days of your becoming a participant in a plan.

Next, always keep your pension in mind when managing your career and family responsibilities. The provisions of a plan will help you to evaluate a benefit and pay package and to determine what pension rights might be lost in leaving a job.

This booklet was prepared jointly by the Women's Bureau and the Pension and Welfare Benefits Administration. It is our hope that the information provided on these pages will make the entire job of planning easier and help you to prosper in your retirement years.

Jill Houghton Emery
Acting Director, Women's Bureau

Dennis M. Kass
Assistant Secretary for
Pension and Welfare Benefits

Message from the Secretary of Labor

Today, millions of American workers are participants in private pension plans and will depend upon retirement benefits for many of the necessities of life in later years.

Adequate pension coverage is a crucial issue for all workers and their families. Indeed it becomes more significant in planning for future financial security as increased longevity and earlier retirement make it clear that retirees will need income for longer periods than in the past.

One of my chief responsibilities as Secretary of Labor is the administration of Federal laws governing private pension plans. So I am pleased that two agencies within the Department—the Women's Bureau and the Pension and Welfare Benefits Administration—have collaborated in preparing this booklet which explains provisions of the Retirement Equity Act of 1984, with emphasis on the law's impact on women.

This legislation adds flexibility to plan requirements, making it possible for larger proportions of persons employed in the private sector, principally women, to participate in pension plans. It achieves this primarily by taking into account the modern employment practices of Americans. Earlier law did not discriminate by sex, but its assumptions were based on the employment patterns of male workers, which by and large have differed from those of female workers.

It is important that we understand what the Retirement Equity Act of 1984 means for us individually and for our dependents. Only then can we plan adequately for that time in the future when we must support ourselves and perhaps others without wages or salary from employment.

WILLIAM E. BROCK

Introduction

Retirement income is essentially income from employment, payment of which is generally deferred until after a worker has left the labor force. It must be viewed in the context of lifetime financial planning and asset accumulation. Its primary components are Social Security, private pensions, personal savings, and other assets. It might also include part-time job earnings and public welfare. Although the focus of this document is on private pensions, other components of retirement income are significant and must be taken into account when planning for retirement years.

Women have been particularly vulnerable in the pension area until the enactment of the Retirement Equity Act of 1984. The provisions of this legislation are best understood within the context of the Employee Retirement Income Security Act of 1974 (ERISA) and in light of the special problems, or conditions, women have faced in securing pensions.

Employee Retirement Income Security Act of 1974 (ERISA)

In 1950, only 10 percent of elderly households received pension benefits from private industry. During the economic prosperity of the fifties and the sixties, many private pension plans were established, and workers looked forward to years of economic security. Unfortunately, many retirees were disappointed to find that their pension plans provided little or no income.

In some cases that happened because employees were unable to meet plan requirements, even though they had 30, 40, or even more years of service. In other cases employers failed to make contributions to plans, or plan assets were grossly mismanaged or used in ways that did not benefit participants.

During the 1970's, Congress responded to this situation by enacting the Employment Retirement Income Security Act of 1974 (ERISA), which established minimum standards for private pension plans. ERISA requires administrators of pension plans to provide financial and other information about plans to plan participants and their beneficiaries and government agencies. The law also establishes standards of conduct for trustees and administrators of employee pension and welfare plans, sets requirements for funding, participation, and vesting (the legal right to pension credits, usually obtained after 10 years of service); and provides insurance for some pension plans.

Employers are not required to establish pension plans. And the smaller nonunionized trade and service industries which employ large numbers of women are least likely to do so. But those employers who do provide pension coverage for workers, must conform to the minimum standards specified by ERISA.

While ERISA was a vast improvement over the chaos that plagued the pension field before its enactment, the law did not meet the needs of many women.

Although ERISA did not discriminate by sex, its assumptions were based on the work patterns of men, which have generally been different from those of women. For example, women workers often did not meet the age requirements for coverage by a plan. This was frequently 25 years, the age by which many women had withdrawn from the labor force to start a family. And women have tended to work fewer years than men, again making it difficult to meet eligibility requirements.

In the meantime, we have seen a rising divorce rate, an increasing number of families maintained by women, and a lengthening of the life expectancy of the U.S. population. These factors make adequate pension coverage as crucial an issue for women as it is for men.

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The Retirement Equity Act of 1984 (REA)

On August 23, 1984, President Reagan signed into law the Retirement Equity Act of 1984 (REA), which amends certain provisions of ERISA and of the Internal Revenue Code. These amendments modify some of the requirements set forth in ERISA and make it possible for a larger proportion of workers in the private sector, both women and men, to benefit from a private pension plan.

Generally, the Retirement Equity Act—

- Requires that an employee be permitted to participate in an employer's pension plan when she or he reaches age 21 and has completed 1 year of service (rather than at age 25).
- Requires that years of service be credited from age 18, rather than from age 22, for vesting purposes.
- Permits employees to leave and return to a job without sacrificing the pension credits built up unless the "breaks in service" exceed 5 consecutive years or the amount of time the employee worked at the job before leaving, whichever is greater.
- Provides protection against loss of participation and vesting credits when a woman or man is absent for specified parental reasons. These cover absences for pregnancy, childbirth, or adoption.
- Requires plans to provide automatic survivor benefits for spouses of vested participants even if the participant dies before retirement.
- Prevents employees from waiving survivor benefits without the written consent of their spouses.
- Permits the assignment of pension benefits in divorce cases when there is a valid judgment, decree, or court order relating to child support, alimony payments, or marital property rights.
- Offers some vested former employees a new opportunity to choose preretirement survivor benefits and joint and survivor annuity benefits, provided certain conditions are met.

This booklet elaborates on these provisions, with special emphasis on their impact on women. The glossary on page 12 provides definitions of technical terms used throughout the publication.

How the Retirement Equity Act Benefits Workers Generally, Women Particularly

The special work patterns of women are taken into consideration by the Retirement Equity Act. Many women enter the work force after high school or college, work a few years, marry, leave to have children, and then reenter the work force when the children are older. The Bureau of Labor Statistics reports that nearly 70 percent of women between the ages of 18 and 25 are in the labor force. Under ERISA, women in this age group frequently could not be participants in their employer's plans or lost any pension rights they might have accrued in their early work years. To acquire credits toward a pension, they had to start over when they reentered the work force after childrearing.

The provisions of the 1984 retirement law enable more women to earn pension credits during their early years of high work force participation, and help families to plan more effectively to retain pension rights when either parent takes a break in service to care for infant children. An earlier age for participation and for vesting and more flexible breaks in service rules are particularly beneficial to working parents.

Participation

Under REA, a plan cannot exclude an eligible worker from coverage based on age or years of service after she or he reaches age 21 and has 1 year of service. In addition, service with the employer from age 18 is to be counted for vesting purposes after a worker satisfies the age and service requirements of the pension plan.

Under the earlier provisions of ERISA, plans could exclude workers from coverage if they were under 25 years of age and were required to count service for vesting purposes only from age 22. Thus, many young women never became members of a plan and, if they did, credits were often lost when they left the work force for childbirth and childrearing.

Vesting

When a worker participates in a pension plan and earns pension credits under that plan, those benefits may be forfeited if the participant terminates employment with the employer maintaining the plan, unless the participant is "vested" in her or his pension benefit. "Vested" means the employee has an absolute right to receive a portion, or all, of her or his benefits at retirement age, even though her or his employment with the organization offering the plan may have ended before the worker reached retirement age. ERISA established minimum vesting requirements in order to assure that participants with substantial periods of service will obtain vested pension benefits.

The Retirement Equity Act makes no change in the minimum vesting requirements established by ERISA (other than requiring service from age 18 to be counted). All dollar contributions employees make to a plan vest immediately.

Employer contributions must vest according to a schedule at least as generous as one of the following three minimum schedules:

CLIFF VESTING—Full vesting after 10 years of service, with no vesting before then (almost 90 percent of all participants are covered by plans that use this schedule).

GRADED VESTING—25-percent vesting after 5 years of service, 5 percent for each additional year up to 10 years, plus another 10 percent for each year thereafter (benefits are 100 percent vested after 15 years of service).

RULE-OF-45 VESTING—50-percent vesting for an employee with at least 5 years of service when her or his age and years of service add up to 45; another 10 percent vests at the end of each additional year of service up to a maximum of 5 years, when the benefits are 100 percent vested.

Under the last two schedules for all employer-contribution plans, if a participant's benefits are vested, but not fully—say just 50 percent—the worker's annuity would be based on that percentage of the earned pension credits.

Although there is a trend toward plans using a combination of contributions from both employers and employees, the vast majority of plans in operation today are based on contributions solely from employers.

REA makes no changes in the vesting schedules established by ERISA, but it does require plan sponsors to begin to count service toward vesting from an earlier age. Under the 1974 law, plans need not have counted service toward vesting until age 22. Under REA amendments, plans generally must begin to credit service at age 18 for vesting purposes.

The actual dollar amounts of future benefits a worker is to receive will depend on a variety of factors, including the age of the employee at the time of retirement, total contributions to the plan, the employee's wages or salary, and the total years of service under the plan. Specific information concerning vesting requirements and the method of computing benefits can be obtained from the plan administrator and must be included in the summary description of the plan.

Breaks in Service

Employees who work at least 1,000 hours in a year are entitled to receive a year's credit toward meeting participation and vesting requirements and at least partial credit for accruing benefits. This is roughly 6 months of full-time work or a full year of half-time work. Participants who work 500 or fewer hours during a year may incur a break in service for these purposes. (An employee who works between 501 and 999 hours during a year can be denied credit for participation, vesting, and benefit accrual, but will not incur a break in service.)

The summary plan description gives information on the requirements for a year of service under the plan. A year of service may be less than 1,000 hours in some plans.

Generally, REA requires that years of service accrued before a period of consecutive 1-year breaks must be counted toward participation and vesting unless the number of consecutive 1-year breaks equals or exceeds the greater of (1) 5 years, or (2) the number of years of service before the consecutive 1-year breaks.

Under ERISA, a nonvested employee could have lost credit for service before a break in service if the length of the break equaled or exceeded the number of years of prior service. For example, a woman who had accrued 2 years of credit under a pension plan, left her job to complete college and attend graduate school, and returned to the same company after 3 years, could have lost all pension credits under ERISA. Under the new rules, she would retain those credits because she returned to work prior to five consecutive breaks in service.

Maternity and Paternity Absences

ERISA did not include any separate rule for maternity or paternity absences. REA amends ERISA to include a special rule which applies to employees on maternity or paternity leave. A worker who is absent from work:

- due to pregnancy,
- because of the birth of her/his child,
- because of her/his adoption of a child, or
- because of caring for a child following such birth or adoption

must be treated (solely for determining whether a break in service has occurred) as having completed the number of hours of service that normally would have been credited but for such absence, up to 501 hours. These hours must be credited in the year in which the absence begins, if the credit is necessary to prevent a break in service that year, or in the following year.

For example, if a woman works for 501 hours (roughly 3 months) at the beginning of the year and then takes maternity leave, no additional hours are needed in that year to prevent a break in service. And the worker, if still absent for covered reasons, will receive up to 501 credit hours the next year to prevent a break. In the following third year, the worker returns for the fourth quarter enabling her to work 501 hours for that year. Thus, an individual could be absent for up to 2½ years without a 1-year break in service.

The maternity/paternity absence rule applies only for determining whether a break in service occurs for vesting and participation purposes. It does not directly affect years of service for determining benefit accrual. This provision applies to all absences for the above reasons, not just approved leave.

(It should be noted that an employer's practices regarding the granting of parental leave are governed by title VII of the Civil Rights Act of 1964, as amended, by State law, and by any applicable collective bargaining agreement. Title VII prohibits an employer from discriminating against a woman because of pregnancy, maternity, or related medical conditions.)

Benefits for Spouses and Former Spouses

In addition to making it easier for women to earn their own pensions as employees, the Retirement Equity Act contains provisions that protect the retirement income of women as wives, widows, and former spouses. These provisions deal with joint and survivor annuities and the assignment of pension benefits for child support, alimony payments, and marital property rights.

Survivor Benefits

ERISA generally required plans that provided benefits in the form of an annuity also to provide a joint and survivor annuity. In addition, these plans generally were required to provide an *early* survivor annuity, which would protect the surviving spouse of a participant who died after the earliest retirement age under the plan, but before actual retirement. However, ERISA permitted a participant to elect *not* to receive the joint and survivor annuity. Further it permitted plans to provide the early survivor protection only in cases where the participant elected it. Thus, before REA, many surviving spouses did not receive a pension benefit.

Under REA, all married participants with vested benefits *must automatically* be provided with: (1) a qualified preretirement survivor annuity, and (2) a qualified joint and survivor annuity upon their retirement. These annuities must be provided, regardless of the age of the participant, and can be waived only with the consent of the spouse.

For a nonparticipant spouse to be eligible for survivor benefits, a plan can require *only* that she or he and the participant be married for a 1-year period ending on the earlier of: (1) the starting date of the participant's annuity or (2) the date of the participant's death.

This is a considerable departure from the 1974 law. Previously, for a spouse to be eligible for survivor benefits, a plan could require that the participant live for up to 2 years after she or he elected to take out a survivor annuity.

Written Consent

REA provides that a participant may waive survivor benefits, *but only with the written consent of her or his spouse*.

A joint and survivor annuity must be waived at least 90 days before the starting date of the annuity.

A preretirement survivor annuity may be waived at any time during the period beginning on the first day of the plan year that the participant reaches age 35 and ending on the date of the participant's death. The plan administrator must provide the participant with a written explanation of both types of annuities and notice of the right to decline them.

Participant Notification of Forfeitable Benefit

Plan administrators must in certain cases notify participants that certain benefits would be forfeited if the worker were to die before a specified date. This information is to be provided on participants' individual benefits statements and on statements given to vested former employees. Although this requirement does not provide spouses any additional financial benefit, it allows them to be better prepared in a financial sense for the death of the participant. This information generally was not included on individual benefit statements under ERISA.

Benefits for Divorced Spouses

Under REA the plan administrator must honor an assignment of benefits (that is a transfer of benefits from the plan participant to another person) if it is the result of a "qualified domestic relations order" relating to child support, alimony payments, and marital property rights. In order to be "qualified," a domestic relations order must meet certain requirements set out in the statute. A qualified domestic relations order may not alter the amount or form of benefits payable under a plan, but may designate an "alternate payee" to receive some or all of a participant's benefits.

Under ERISA, many ex-spouses of plan participants have had difficulty obtaining a share of the participant's pension benefits. Sometimes a participant refused to pay or moved out of State and thus outside the State court's jurisdiction. Plan administrators have been reluctant to honor requests for benefits by ex-spouses because of the statutory rule prohibiting assignments.

Special Rules for Some Vested Former Employees

The Retirement Equity Act (REA) also includes special transitional rules which apply to vested participants who were alive as of August 23, 1984, whose pensions had not started, and who otherwise would not be covered by REA's annuity provisions.

First, if the participant in a plan that is subject to the joint and survivor annuity provisions of REA has 1 hour of service or paid leave on or after August 23, 1984, and dies before the effective date of the Retirement Equity Act for her or his plan, the act's preretirement survivor annuity provisions would apply.

Second, if a participant's annuity starts after December 31, 1984, and before REA's joint and survivor rules apply to a plan, that annuity shall be subject to the REA requirements.

Third, if the participant had 1 hour of service in the first plan year beginning in 1976 or later and left employment after 10 years of service, with any vesting derived from employer contributions, then that participant may choose to have the preretirement survivor annuity provision of the Retirement Equity Act apply.

Fourth, if the participant had 1 hour of service after September 1, 1974, in a plan that was subject to the joint and survivor annuity provisions of ERISA as it was enacted, but left employment with a vested benefit before those provisions became effective (generally 1976), that participant may choose to have the pre-REA joint and survivor provisions of ERISA apply.

Lump Sum Payments

ERISA allowed plan administrators to pay participants a lump sum amount instead of a monthly annuity when the value of the benefit was small. Participant consent was needed only if the lump sum payment was more than $1,750. No spousal consent was required.

REA provides a rule requiring participant and spousal consent to any distribution where the accrued benefit was in excess of $3,500. REA also establishes new rules that require plan administrators to provide recipients of distributions with information on the tax consequences of such payments including the rules regarding rollovers (tax free) to an Individual Retirement Account or, in some cases, to another pension plan.

Under some circumstances REA allows recipients of lump sum payments who return to employment under the plan to "buy back" into the plan.

Effective Dates of the Retirement Equity Act (REA)

Generally, the provisions of the REA are effective for plan years beginning on or after January 1, 1985. However, in the case of a plan established through a collective bargaining agreement ratified prior to August 23, 1984, provisions for the most part are effective for plan years beginning before the earlier of: (1) the date on which the last of the collective bargaining agreement relating to the plan terminates (without regard to any extension agreed to after August 23, 1984), or (2) January 1, 1987.

The provisions relating to domestic relations orders generally took effect on January 1, 1985, but plan administrators are required to honor those orders pursuant to which benefits were being paid on January 1, 1985, and may honor other orders entered before that date.

Provisions relating to survivor annuities generally apply only to deaths which occur after the effective date of the law. For example, if the participant was not alive on the date of enactment of the Retirement Equity Act, the law does not require a plan to provide her or his spouse with a survivor's benefit. However, if a partial or fully vested participant has 1 hour of service or paid leave on or after August 23, 1984, and then dies before the annuity starting date, the surviving spouse would be entitled to a preretirement survivor annuity.

Information About Pension Plans

If a pension plan is subject to ERISA, the administrator of the plan is required to provide each participant with a summary of its provisions. The summary plan description must be written so it can be understood by the average plan participant and must include information about eligibility requirements for benefits, how a worker accumulates benefits and can lose benefits, whether the plan is covered by plan termination insurance, and how to file a claim for benefits. All employees covered by a pension plan should obtain a copy of the summary and review it carefully, as plan requirements and methods for computing benefits vary.

Almost all plans will need to be changed as a result of the Retirement Equity Act and all participants must be provided with a summary of plan changes within 210 days after the end of the plan year in which such changes are adopted.

Study of Women and Pensions

The Retirement Equity Act directs the General Accounting Office to conduct a detailed study of the effect on women of pension plan rules and Federal pension laws. The study, based on a scientific sample of typical pension plans, will evaluate the impact on women of the new rules with respect to participation, vesting, and survivor benefits, the integration of pension income with Social Security benefits, and other features of the new pension amendments.

A report on the study is due to Congress by January 1, 1990.

Pensions Only a Part of Retirement Income

While pensions contribute to retirement income, they provide only a part of the money that retired couples and individuals need to live in reasonable comfort.

Social Security payments are an important source of retirement income. Personal savings and income from investments are also desirable. Many people have found Individual Retirement Accounts to be useful for sheltering income from taxation during their high earning years and as an important source of funds during retirement. Home ownership and the accumulation of other assets provide yet another source of funds. Medicare and Medicaid may be available for medical expenses. Supplemental Security Income can be useful for low-income persons. Many otherwise "retired" persons work part time to help make ends meet and to keep active. Insurance on the life of the worker and on the life of her or his spouse will also continue to have an important place in planning for retirement security.

Planning for Retirement

Many employers and employee organizations sponsor retirement planning programs for older workers to help them make a successful transition from full-time employment to retirement. Local community groups, churches, and educational institutions also sponsor retirement planning seminars.

Financial planning, however, must begin years before actual retirement, since many years are usually required to accumulate sufficient savings and pension benefits. This booklet is one of several publications useful in the planning process.

Other publications available from the Federal Government include:

—"What You Should Know About the Pension and Welfare Law," U.S. Department of Labor, Office of Pension and Welfare Benefits Programs, Washington, D.C. 20210.

—"Know Your Pension Plan: Your Pension Plan Checklist," U.S. Department of Labor, Office of Pension and Welfare Benefit Programs, Washington, D.C. 20210.

—"How To File a Claim for Your Benefit," U.S. Department of Labor, Office of Pension and Welfare Benefit Programs, Washington, D.C. 20210.

—"Often-Asked Questions About the Employee Retirement Income Security Act," U.S. Department of Labor, Office of Pension and Welfare Benefits Programs, Washington, D.C. 20210.

—"Your Social Security" (January 1985). U.S. Department of Health and Human Services, Social Security Administration, SSA Publication No. 05-10035. Available at local Social Security offices.

—"A Woman's Guide to Social Security" (June 1983). U.S. Department of Health and Human Services Administration, Social Security Administration, SSA Publication No. 05-10127. Available at your local Social Security office.

—"A Working Woman's Guide to Her Job Rights," Leaflet 55 (January 1984). U.S. Department of Labor, Office of the Secretary, Women's Bureau, Washington, D.C. 20210. Single copies only.

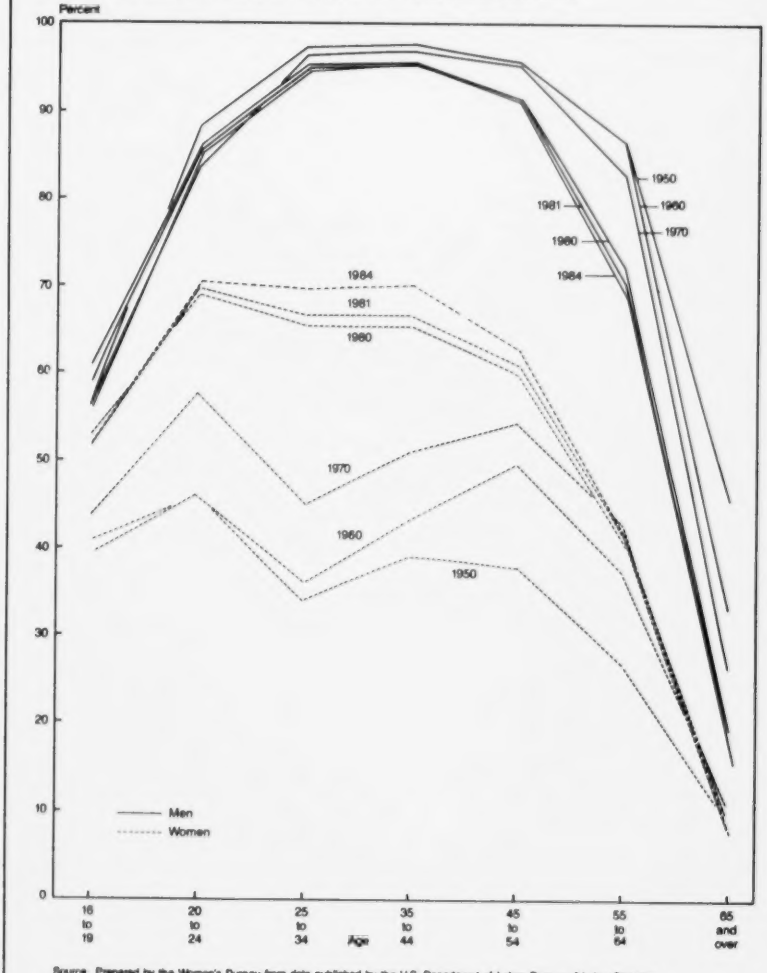
Facts on Women and Pensions

The Retirement Equity Act of 1984 represents a substantial step forward for women in the pension area. Statistics that illustrate the reasons the legislation is so important to women are:

- Forty-seven percent of all full-time wage and salary workers were covered by private pension plans on their job, according to a 1979 Current Population Survey supplement. But women were far less likely than men to be covered—41 percent of women as compared with 51 percent of men. Women were also less likely to have vested rights.
- Only 7 percent of married women 65 years of age and older received private pensions as compared with 31 percent of married men in 1982. Only 13 percent of nonmarried women of retirement age, as compared with 24 percent of single men, were recipients of private pensions.
- Although women have tended to work fewer years than men, statistics show this may be changing. During the last decade, the labor force participation rates of women did not decline markedly during the prime childrearing ages of 25 to 34 as they have in the past; rather, the rates were quite similar among women from their early twenties to mid-forties (see chart on page 11).
- Little difference existed in job tenure of women and men under age 35 in January 1983, according to the Current Population Survey. This reflects the changing patterns in women's lives—they are marrying later, giving birth later, and having fewer children. And since they are taking shorter breaks from the job for family responsibilities, the new breaks in service rules provided in the Retirement Equity Act work to their advantage.

The gap between the participation rates of women and men is still considerable, despite strong labor force gains of women.

Civilian labor force participation rates, by sex and age, annual averages, selected years, 1950-84



Source: Prepared by the Women's Bureau from data published by the U.S. Department of Labor, Bureau of Labor Statistics.

Glossary

Accrual of Benefits

In a defined benefit plan, the process of accumulating pension credits for years of credited service, expressed as an annual benefit, payment of which typically begins at normal retirement age (usually 65). In a defined contribution plan, the process of accumulating funds in the individual employee's pension account.

Administrator

The person designated to run a pension plan, as specified by terms of the document under which the plan is operated. If no one is so designated, the administrator is generally the plan sponsor (the employer or employee organization or the association, committee, joint board of trustees, and so forth).

Break in Service

A calendar year, plan year, or other 12-consecutive-month period designated by the plan during which a plan participant does not complete more than 500 hours of service.

Defined Benefit Plan

A plan which provides a promised benefit at retirement, usually based on a formula taking into account the participant's age, earnings, and years of service.

Defined Contribution Plan (or Individual Account Plan)

A pension plan which provides for an individual account for each participant and for benefits based solely on the amount contributed to the account and any income, expenses, gains, or losses allocated to that account.

Joint and Survivor Annuity

An annuity which provides benefit payments for the joint lives of a wife and husband with payments continuing for the surviving spouse after the death of the plan participant. The benefits payable may be adjusted to take into account the extended life expectancy of the couple.

Participant

Any employee or former employee of an employer, or any member or former member of an employee organization, who is or may become (or whose beneficiaries are or may become) eligible to receive benefits from an employee benefit plan.

Preretirement Survivor Annuity

An annuity for the spouse of a participant who has not retired in the event of the death of the participant. Under REA, an early survivor annuity in a defined benefit plan is generally required to be available to the surviving spouse beginning no later than the date on which the participant would have reached the earliest retirement age under the plan; in a defined contribution plan, it is generally required to be available immediately.

Vested Former Employee

A former employee who has met the requirements for vesting under a pension plan. If these employees meet certain requirements under the Retirement Equity Act (see page 2), they have a new opportunity to provide their spouses with survivor benefits.

Vesting

A plan must provide that an employee will, after meeting certain requirements, retain a nonforfeitable right to the benefits she or he has accrued, or some portion of them, even if employment under the plan terminates before retirement. An employee who has met such requirements is said to have a "vested" right. Employee contributions to a pension plan are always fully vested.

Year of Service

A "year of service" for purposes of participation and vesting is generally a 12-month period during which an employee has 1,000 hours of service. Employees should examine their plan documents carefully to ascertain how their plan counts service so they do not inadvertently incur a break.

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1515 Broadway, Room 3575
New York, New York 10036
(New Jersey, New York, Puerto Rico, Virgin Islands)

Region III: Philadelphia
Regional Administrator
Women's Bureau
Room 13280, Gateway Building
3535 Market Street
Philadelphia, Pennsylvania 19104
(Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia)

Region IV: Atlanta
Regional Administrator
Women's Bureau
1371 Peachtree Street N.E., Room 323
Atlanta, Georgia 30367
(Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)

Region V: Chicago
Regional Administrator
Women's Bureau
230 South Dearborn Street, 10th Floor
Chicago, Illinois 60604
(Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

Region VI: Dallas
Regional Administrator
Women's Bureau
555 Griffin Square Building, Room 731
Griffin and Young Streets
Dallas, Texas 75202
(Arkansas, Louisiana, New Mexico, Oklahoma, Texas)

Region VII: Kansas City
Regional Administrator
Women's Bureau
911 Walnut Street, Room 2511
Kansas City, Missouri 64106
(Iowa, Kansas, Missouri, Nebraska)

Region VIII: Denver
Regional Administrator
Women's Bureau
1961 Stout Street, Room 1456
Denver, Colorado 80202
(Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)

Region IX: San Francisco
Regional Administrator
Women's Bureau
Room 9301, Federal Building
450 Golden Gate Avenue
San Francisco, California 94102
(Arizona, California, Hawaii, Nevada)

Region X: Seattle
Regional Administrator
Women's Bureau
Room 3094, Federal Office Building
909 First Avenue
Seattle, Washington 98174
(Alaska, Idaho, Oregon, Washington)